

ALPS CLEAN ENERGY ETF (ACES)

MONTHLY INSIGHTS

September 2018

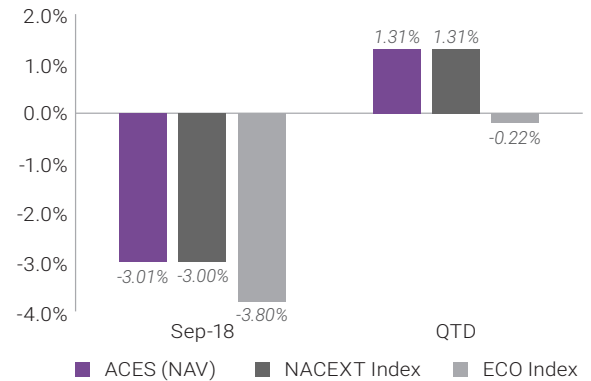
Key Takeaways

- The ALPS Clean Energy ETF (ACES) dropped 3.01% in September.
- Names in the Fuel Cell and Hydro/Geothermal sub segments contributed the most positive returns to ACES last month.
- Ballard Power Systems Inc. (BLDP) was ACES's best-performing individual name last month, gaining 21.47%.

Performance Notes

- The ALPS Clean Energy ETF (ACES) declined 3.01% in September, but topped the WilderHill Clean Energy Index (ECO) by 0.79%. Quarter-to-date, ACES is beating ECO by 1.41%.
- Earlier in September, California passed a law requiring 100% of power to be generated from renewables and non-carbon sources by 2045.
- NextEra CEO Jim Robo said the power industry is not fully prepared for how batteries, solar and wind will alter the industry, noting advances in those technologies will cause "massive disruption."¹
- The drop in Tesla's stock this month was due to the SEC filing suit late in the month against Chairman & CEO Elon Musk related to his take private tweet, which was quickly settled a few days later with Musk agreeing to step down as chairman.

ACES vs Benchmarks (NAV)



Source: ALPS, Bloomberg L.P., as of 9/30/2018

Past performance is not indicative of future returns.
For standardized performance, please see Page 3.

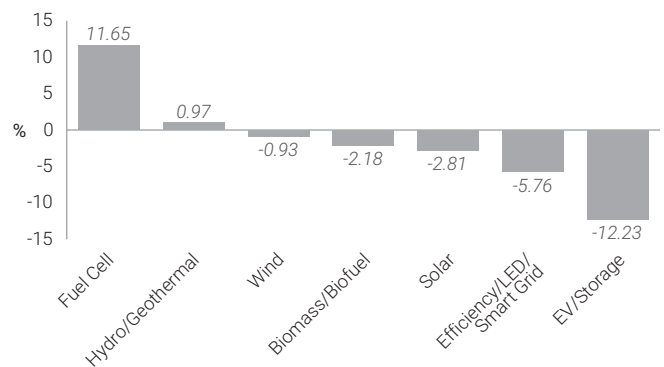
Strategy Breakdown

- 7 thematic sub-segments across 2 categories (Renewables and Clean Technology)
- Pure Play: Company derives a majority of their value from clean energy businesses
- U.S. and Canadian based companies

Return Attribution

- Two of the seven clean energy themes represented in ACES closed higher last month while five finished lower.
- Fuel Cell was the best-performing theme followed by Hydro/Geothermal. EV/Storage was the worst-performing theme in ACES in September.
- Fuel Cell name Ballard Power Systems Inc. (BLDP, 3.18% weight) increased 21.47% in September after unveiling a new fuel cell stack.
- Solar name SunPower Corp. (SPWR, 1.33% weight) gained 8.63% after the company won a tariff exemption for its solar panels. With that exemption, SunPower can sell panels for 30% below prices charged by competitors.
- EV/Storage was the worst performing theme in ACES in September on Tesla's (TSLA, 5.06% weight) drop.

ACES Thematic Sub-Segment Performance - September 2018



Source: Bloomberg L.P., as of 9/30/2018

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Valuation Notes

- ACES's underlying index, the CIBC Atlas Clean Energy Index, has a price-to-earnings ratio (P/E ratio) of 22.42, a premium to the WilderHill Clean Energy Index.
- Based on price-to-cash-flow, ACES's index trades at a discount to the WilderHill Clean Energy Index and the NASDAQ Clean Edge U.S. Liquid Series Index.

ACES Top/Bottom Performers - September 2018

Leaders	Performance	Theme
BALLARD POWER SYSTEMS INC (BLDP US)	21.47%	Fuel Cell
SUNPOWER CORP (SPWR US)	8.63%	Solar
RENEWABLE ENERGY GROUP INC (REGI US)	6.86%	Biomass/Biofuel
Laggards	Performance	Theme
FIRST SOLAR INC (FSLR US)	-7.03%	Solar
TESLA INC (TSLA US)	-12.23%	EV/Storage
CREE INC (CREE US)	-21.28%	Efficiency/LED/Smart Grid

Source: Bloomberg L.P., as of 9/30/2018.

Holdings subject to change.

Past performance is not indicative of future results.

Price Multiples

	NACEXT Index	ECO index	CELS index
Price/Earnings Ratio	22.42x	14.24x	20.13x
Price/Cash Flow Ratio	8.00x	9.30x	10.86x
Price/Sales Ratio	1.63x	0.85x	1.93x
Average Market Capitalization (in Mil, \$)	5,105	4,731	7,980

Source: Bloomberg L.P., as of 9/30/2018.

September 2018 Company Snapshot

Company: Ballard Power Systems Inc. (BLDP)

Sub-Segment: Fuel Cell

- After soaring in August, Ballard Power Systems Inc. (BLDP) built on those gains in impressive fashion in September after the company revealed its liquid-cooled fuel cell stack, the FCgen-LCS at the IAA Commercial Vehicles Trade Fair and Convention in Germany.
- FCgen-LCX has an "expected 40% reduction in total-cost-of-ownership, achieved through various design and processing improvements, including: improved durability; lower catalyst loading; increased power density; improved unit cell performance; greater efficiency; and optimized high-volume MEA manufacturing processes," according to the company.²
- The product has a planned operating lifetime of 30,000 hours and offers a 33% increase in power density. It features "key sustainability design characteristics, including: higher efficiency; the use of reusable low-cost carbon plates and compression hardware; and the ability to recover catalyst material from MEAs," said Ballard.
- The global fuel cell market is expected to experience exponential growth over the next several years. From this year through 2025, the fuel cell market is expected to have compound annual growth of 20.9% as fuel cells solidify their status as the fastest-growing form of electrical storage.³

¹ Source: <https://news.bloombergenvironment.com/environment-and-energy/power-sector-not-ready-for-clean-energy-shift-nextera-ceo-says>

² Source: Ballard Corporate Statement Sept. 19, 2018 <https://finance.yahoo.com/news/ballard-unveils-next-generation-zero-041500297.html>

³ Source: Grand View Research <https://www.grandviewresearch.com/industry-analysis/fuel-cell-market>

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ACES Performance as of 9/30/18

Total Returns	Cumulative as of 9/30/18			Annualized as of 9/30/18	
	1 Mo.	3 Mo.	S.I.	1 Yr.	S.I. ¹
ALPS Clean Energy ETF (Net Asset Value)	-3.01%	1.19%	1.88%	N/A	1.88%
ALPS Clean Energy ETF (Market Price) ²	-2.51%	1.67%	2.69%	N/A	2.69%
CIBC Atlas Clean Energy Index (Benchmark)	-3.00%	1.31%	1.98%	N/A	N/A

Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by calling (866)759-5679 or www.alpsfunds.com. The investment return and principal value of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost.

Gross Expense Ratio: **0.65%**

¹ Fund inception date of 06/29/2018

² Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

Top 10 Holdings (%)[^]

ORMAT TECHNOLOGIES INC	5.16%
NEXTERA ENERGY PARTNERS	5.10%
PATTERN ENERGY GROUP INC	5.10%
NORTHLAND POWER INC	5.08%
TESLA INC	5.06%
ACUITY BRANDS INC	5.06%
FIRST SOLAR INC	5.02%
BROOKFIELD RENEWABLE PARTNERS LP	4.97%
ITRON INC	4.91%
UNIVERSAL DISPLAY CORP	4.78%

[^] As of 9.30.2018

Holdings subject to change.

Daily holdings are available on the Alpsfunds.com website.

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Important Disclosure & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which contain this and other information call 866.759.5679 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

ALPS Clean Energy ETF shares are not individually redeemable. Investors buy and sell shares of the ALPS Clean Energy ETF on a secondary market. Only market makers or "authorized participants" may trade directly with the fund, typically in blocks of 50,000 shares.

There are risks involved with investing in ETFs including the loss of money. Additional information regarding the risks of this investment is available in the prospectus.

An investment in the Fund is subject to investment risk including the possible loss of the entire principal amount that you invest.

Clean Energy Sector Risk. Obsolescence of existing technology, short product cycles, falling prices and profits, competition from new market entrants and general economic conditions can significantly affect companies in the clean energy sector. In addition, intense competition and legislation resulting in more strict government regulations and enforcement policies and specific expenditures for cleanup efforts can significantly affect this sector. Risks associated with hazardous materials, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, the success of exploration projects and tax and other government regulations can significantly affect companies in the clean energy sector. Also, supply and demand for specific products or services, the supply and demand for oil and gas, the price of oil and gas, production spending, government regulation, world events and economic conditions may affect this sector. Currently, certain valuation methods used to value companies involved in the clean energy sector, particularly those companies that have not yet traded publicly, have not been in widespread use for a significant period of time. As a result, the use of these valuation methods may serve to increase further the volatility of certain clean energy company share prices. **Concentration Risk.** The fund seeks to track the underlying index, which itself may have concentration in certain regions, economies, countries, markets, industries or sectors. Underperformance or increased risk in such concentrated areas may result in underperformance or increased risk in the fund.

Canadian Investment Risk. The fund may be subject to risks relating to its investment in Canadian securities. The Canadian economy may be significantly affected by the U.S. economy, given that the United States is Canada's largest trading partner and foreign investor. Any negative changes in commodity markets could have a great impact on the Canadian economy. Because the fund will invest in securities denominated in foreign currencies and the income received by the fund will generally be in foreign currency, changes in currency exchange rates may negatively impact the fund's return.

Micro-Capitalization Company Risk. Micro-cap stocks involve substantially greater risks of loss and price fluctuations because their earnings and revenues tend to be less predictable (and some companies may be experiencing significant losses), and their share prices tend to be more volatile. The shares of micro-cap companies tend to trade less frequently than those of larger, more established companies, which can adversely affect the pricing of these securities and the future ability to sell these securities.

Small- and Mid-Capitalization Company Risk. Smaller and mid-size companies often have narrower markets, less liquidity, more limited managerial and financial resources and a less diversified product offering than larger, more established companies. As a result, their performance can be more volatile, which may increase the volatility of the Fund's portfolio.

Large Capitalization Company Risk. The large capitalization companies in which the Fund invests may underperform other segments of the equity market or the equity market as a whole.

Price/Earnings Ratio - A valuation ratio of a company's current share price compared to its per-share earnings.

Price/Cash Flow Ratio - This represents the weighted average of the price/cash-flow ratios of the stocks in a portfolio. Price/cash-flow represents the amount an investor is willing to pay for a dollar generated from a particular company's operations.

Price/Sales Ratio - This represents the weighted average of the price/sales ratios of the stocks in a portfolio. Price/sales represent the amount an investor is willing to pay for a dollar generated from a particular company's operations.

NACEX Index - The CIBC Atlas Clean Energy Index is an adjusted market cap weighted index designed to provide exposure to a diverse set of U.S. or Canadian based companies involved in the clean energy sector including renewables and clean technology.

ECO Index - The WilderHill Clean Energy Index is designed to deliver capital appreciation through the selection of companies that focus on greener and generally renewable sources of energy and technologies that facilitate cleaner energy.

CELS Index - The Nasdaq Clean Edge Green Energy Index (CELS) is a modified market capitalization-weighted index designed to track the performance of companies that are primarily manufacturers, developers, distributors, or installers of clean-energy technologies.

One cannot invest directly in an index.

The fund is new and has limited operating history.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Clean Energy ETF

CLN000131 1/31/2019